



U.S. Immigration
and Customs
Enforcement

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News Release

ACCUSED LEADER OF INTERNATIONAL COUNTERFEIT MOTION PICTURE NETWORK ARRESTED ON U.S. CHARGES AFTER EXPULSION FROM CHINA

-- Arrest & Charges in U.S. stem from first joint IPR investigation by ICE and Chinese authorities --

WASHINGTON, D.C. – U.S. Immigration and Customs Enforcement (ICE) and the United States Attorney for the Southern District of Mississippi today announced that Randolph Hobson Guthrie III has been arrested in the United States pursuant to an 18-count indictment filed in the Southern District of Mississippi charging him with trafficking in counterfeit goods and money laundering.

ICE agents arrested Guthrie at Los Angeles International Airport on Friday after he was expelled from China and arrived on a flight from Shanghai, China. Guthrie is scheduled to have a bond hearing tomorrow in federal court in Los Angeles. Afterwards, he is expected to be transferred to Mississippi to face the federal charges against him there.

In April of this year, Guthrie and Abram Thrush, another U.S. citizen, were convicted in China as a result of the first joint Intellectual Property Rights (IPR) investigation by ICE agents and Chinese law enforcement. China's Shanghai No. 2 Intermediate People's Court convicted Guthrie on criminal charges of illegally selling and distributing more than \$840,000 worth of pirated motion picture DVDs via the Internet to buyers in more than 20 nations, including the United States. Chinese prosecutors maintained that, since October 2002, Guthrie had illegally sold some 180,000 pirated DVDs around the globe through eBay.com and a Russian based-website at www.threedollardvd.com.

The Chinese court sentenced Guthrie to a jail term of two years and six months in China, a fine of 500,000 Chinese Renminbi (RNB), and deportation from the country upon completion of his sentence. Thrush was sentenced to a jail term of one year in China, a fine of 10,000 RNB, and was returned to the United States in July 2005. Two Chinese accomplices were also convicted and sentenced in this case.

Guthrie now faces charges in the United States pursuant to a criminal indictment returned in the Southern District of Mississippi. Count 1 of the U.S. indictment charges Guthrie with conspiring to infringe copyrights for purposes of commercial advantage and private financial gain in violation of Title 18, United States Code, Section 2319(a)(b)(1) and (c)(1) and Title 17, United States Code, Section 506(a)(1) and (a)(2); to traffic in goods and use counterfeit marks on and in connection with such goods in violation of Title 18, United States Code, Section 2320(a); and to fraudulently and knowingly import unauthorized reproductions of U.S. copyrighted motion pictures stored on digital versatile discs into the United States contrary to law in violation of Title 18, United States Code, Section 545.

Counts 2 through 8 charge substantive violations of Section 545, that, in aggregate, allege that the defendant imported contrary to law more than 2,000 unauthorized DVDs containing copyrighted motion pictures. Count 9 charges the defendant with infringing a copyright for purposes of commercial advantage and private financial gain by reproducing or distributing, during a 180 day period, copyrighted works having a retail value in excess of \$2,500.00 in violation of applicable law.

Count 10 through 16 charge substantive violations of section 2320, offenses that make it illegal for someone to intentionally traffic or attempt to traffic in pirated DVDs and using counterfeit marks in connection with such pirated materials. Count 17 charges a money laundering conspiracy in violation of Title 18, United States Code, Section 1956(h) and Count 18 seeks forfeiture of more than \$1 million in U.S. currency which he is alleged to have made in committing the offenses.

The investigation that led to the charges against Guthrie in China and the United States began in September 2003 when undercover agents from the ICE Resident Agent in Charge office in Gulfport, Mississippi purchased counterfeit DVDs in September 2003 at a Mississippi flea market.

Ultimately, the investigation known as “Operation Spring” grew to include the ICE Attaché in Beijing, China, the ICE Special Agent-in-Charge office in Houston, and the National Intellectual Property Rights Center in Washington, D.C. Chinese law enforcement joined in the investigation, turning the case into the first joint undercover case conducted by Chinese and U.S. authorities.

The Motion Picture Association of America (MPAA) provided crucial assistance and background information to U.S. and Chinese law enforcement agencies in this case. The MPAA has closely tracked the negative economic effects on member studios caused by this counterfeiting network and other accused intellectual property rights violators worldwide. In total, the MPAA estimates that the U.S. motion picture industry loses more than \$3.5 billion annually in potential worldwide revenue due to piracy.

This landmark case represents the latest success of ICE in targeting IPR violators around the globe. As the largest investigative arm of the Department of Homeland Security, ICE plays a leading role in targeting criminal organizations responsible for producing, smuggling, and distributing counterfeit products. In Fiscal Year 2004, ICE agents arrested 218 individuals and brought 140 indictments for IPR violations, roughly double the 132 arrests and 70 indictments brought by ICE the prior fiscal year.

At the same time, ICE agents and U.S. Customs & Border Protection (CBP) officers together made 7,255 seizures of counterfeit goods worth \$138 million in FY 2004, up from the roughly 6,500 seizures worth \$94 million the prior year. Together, ICE and CBP have seized more than \$600 million worth of counterfeit goods from FY 1998 through FY 2004.

ICE

U.S. Immigration and Customs Enforcement was established in March 2003 as the largest investigative arm of the Department of Homeland Security. ICE is comprised of four integrated divisions that form a 21st century law enforcement agency with broad responsibilities for a number of key homeland security priorities.